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For more information, contact Peter Hancock
Public Information Officer
785/296-5603
Peter.Hancock@khpa.ks.gov

KHPA Awards Recovery Audit Contract to HealthDataInsights *Project Aims to Improve Accuracy and Generate Savings for Kansas*

TOPEKA – The Kansas Health Policy Authority expects to generate several million dollars for the state general fund over the next three fiscal years through a contract that involves recovering past overpayments in the Kansas Medicaid program and the State Employee Health Benefits Program.

After a competitive bid process that included proposals from two national firms, KHPA has awarded a three-year contract for Recovery Audit Contract (RAC) services to [HealthDataInsights](#) (HDI).

The project, which is required by the federal Affordable Care Act as well as a proviso in the FY 2011 state budget, will involve reviewing claims paid through Medicaid and the State Employee Health Benefits Plan over the last several years, identifying instances of potential errors and overpayments, and then recovering those funds and returning them to the appropriate state or federal accounts.

HDI's proposal anticipates recovering a minimum of \$16.08 million, all funds, during FY 2011-2013, including \$5.3 million in State General Fund money. Since the federal government pays a portion of all Medicaid costs, a proportionate share of any Medicaid monies recovered through the RAC program must be returned to the federal government.

“We believe this contract will generate at least this amount in actual recoveries because of the way we structured our Request for Proposals,” said KHPA Executive Director Andy Allison. “To make sure the bidders were competing on a level playing field, we required them to guarantee at least 90 percent of what they projected they could generate. So if a firm says they can produce \$1 million, we have a guaranty of at least \$900,000. These guarantees were designed to add legitimacy to the bids, but it may also have led to conservative projections of the amount of recoveries the state will receive. Now that the contract has been awarded, we'll manage the process to make sure the state is recovering all that it can and should.”

(more)

Rm. 900-N, Landon Building, 900 SW Jackson Street, Topeka, KS 66612-1220
www.khpa.ks.gov

Medicaid and HealthWave:
Phone: 785-296-3981
Fax: 785-296-4813

State Employee Health
Benefits and Plan Purchasing:
Phone: 785-368-6361
Fax: 785-368-7180

State Self Insurance Fund:
Phone: 785-296-2364
Fax: 785-296-6995

KHPA: Recovery Audit Contract – 2

HDI has over 25 years of experience in the health care claims integrity field. The company is headquartered in Las Vegas, Nevada, with additional facilities in California and Florida. HDI is currently the Recovery Audit Contractor for Medicare Region D, covering 17 states (including Kansas) and three U.S. territories. It also performs similar services for a number of private health insurance plans. From 2005 through 2010 it served as the Medicaid Payment Error Rate Measurement (PERM) contractor.

Under the federal Affordable Care Act, states are required to engage in RAC services in their Medicaid programs, beginning no later than April 2011. In addition, Kansas lawmakers included a proviso in the FY 2011 budget requiring KHPA to contract out for RAC services for both the Medicaid and State Employee Health Benefits Plan.

The proviso calls for reviewing claims paid for Medicaid-related services administered by KHPA; the Department of Social and Rehabilitation Services; the Department on Aging; the Juvenile Justice Authority; and the Department of Health and Environment.